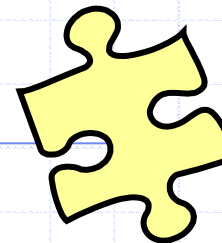
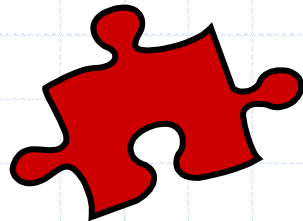


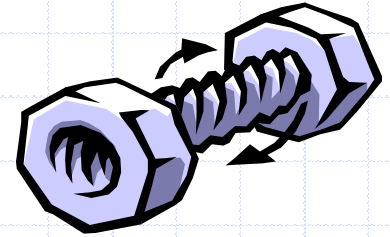
How Does Performance Funding Work in South Carolina ?

Performance Funding & Accountability

A Brief History and Tutorial

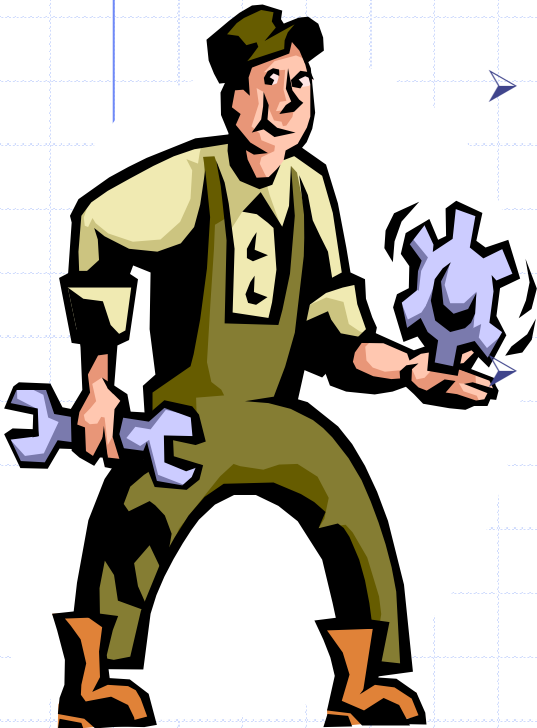


An outline to get started . . .



- **Act 359 (“Performance Funding Legislation”) and the history of it’s implementation**
- **The evolution and current status of the performance measurement system**

The translation of performance into dollars – Allocation of State appropriations to SC public institutions of higher education



ACT 359 OF 1996 “PERFORMANCE FUNDING”

(EFFECTIVE JULY 1996)

- ❑ Identified mission for higher education and sectors of institutions**
- ❑ Identified 9 “Critical Success Factors” for academic quality and 37 “Indicators”**
- ❑ Authorized CHE to work in consultation with Council of Presidents, institutions, the business community and others stakeholders to develop and design a performance system based on the factors and indicators**
- ❑ Required CHE to develop a funding formula based on institutional performance on indicators**
- ❑ Directed CHE to develop regulations to reduce, expand, or consolidate institutions including those not meeting performance standards**

MISSION FOR HIGHER EDUCATION

ACT 359, § 59-103-15(A)

... to be a global leader in providing a coordinated, comprehensive system of excellence in education by providing instruction, research, and life-long learning opportunities which are focused on economic development and benefit the State of South Carolina.

... goals to be achieved through this mission

- ✓ high academic quality
- ✓ affordable and accessible education
- ✓ instructional excellence
- ✓ coordination and cooperation with public education
- ✓ cooperation among General Assembly, CHE, Council of Presidents of State Institutions, institutions of higher learning, and the business community
- ✓ economic growth
- ✓ clearly defined missions

PRIMARY MISSION BY SECTOR

§59-103-15(B), ACT 359

SECTOR: One of four groupings of SC Public Higher Education Institutions identified by mission.

RESEARCH INSTITUTIONS

Clemson Univ. of SC Columbia Medical Univ. of SC

- college-level baccalaureate education, master's, professional, and doctor of philosophy degrees which lead to continued education or employment
- research through the use of government, corporate, nonprofit-organization grants, or state resources or both
- public service to the State and local community

Four-Year Colleges and Universities

Citadel

College of Charleston

Coastal Carolina

Francis Marion

Lander

SC State

USC Aiken

USC Beaufort *

USC Spartanburg

Winthrop

- college-level baccalaureate education and selected master's degrees which lead to employment or continued education, or both, except for doctoral degrees currently being offered
- limited and specialized research
- public service to the State and local community

*** CHE considered and approved on June 6, 2002, a mission change for USC Beaufort to enable the campus to become a 4-yr branch campus of USC**



Two-Year Institutions Branches of the University of SC

USC Sumter

USC Lancaster

USC Union

USC Salkehatchie

- college-level pre-baccalaureate education necessary to confer associates' degrees which lead to continued education at a four-year or research institution
- public service to the State and local community

State Technical and Comprehensive Education System

| | | | |
|---------------------|------------------|--------------------------|--------------|
| Aiken | Greenville | Orangeburg-Calhoun | Tri-County |
| Central Carolina | Horry-Georgetown | Piedmont | Trident |
| Denmark | Midlands | Spartanburg | Williamsburg |
| Florence-Darlington | Northeastern | Tech Coll. of Lowcountry | York |

- all post-secondary vocational, technical, and occupational diploma and associate degree programs leading directly to employment or maintenance of employment and associate degree programs which enable students to gain access to other post-secondary education
- up-to-date and appropriate occupational training for adults
- special school programs that provide training for prospective employees for prospective and existing industry in order to enhance the economic development of South Carolina
- public service to the State and local community
- continue to remain technical, vocational, or occupational colleges with a mission as stated *[herein]* and primarily focused on technical education and the economic development of the State.

CRITICAL SUCCESS FACTORS

(SC Code of Laws § 59-103-30)

- 
- I. Mission Focus**
 - II. Quality of Faculty**
 - III. Classroom Quality**
 - IV. Institutional Cooperation and Collaboration**
 - V. Administrative Efficiency**
 - VI. Entrance Requirements**
 - VII. Graduates' Achievements**
 - VIII. User-Friendliness of the Institution**
 - IX. Research Funding**

INDICATORS

(§59-103-30, SC Code of Laws)

Indicators as listed in legislation. The Commission has approved measures per Act 359 - applicability of indicators varies across and within sectors. For details, see current Performance Funding Workbook.

I. Mission Focus

- A. Expenditure of Funds to Achieve Institutional Mission
- B. Curricula Offered to Achieve Mission
- C. Approval of a Mission Statement
- D. Adoption of a Strategic Plan to Support the Mission Statement
- E. Attainment of Goals of the Strategic Plan

II. Quality of Faculty

- A. Academic and Other Credentials of Professors and Instructors
- B. Performance Review System for Faculty
- C. Post Tenure Review of Tenured Faculty
- D. Compensation of Faculty
- E. Availability of Faculty to Students Outside the Classroom
- F. Community and Public service Activities of Faculty for which no Extra Compensation is Paid.

III. Classroom Quality

- A. Class Size and Student/Teacher Ratios
- B. Number of Credit Hours Taught by Faculty
- C. Ratio of Full-Time Faculty as Compared to Other Full-Time Employees
- D. Accreditation of Degree-Granting Programs
- E. Institutional Emphasis on Quality Teacher Education and Reform

IV. Institutional Cooperation and Collaboration

- A. Sharing and Use of Technology, Programs Equipment, Supplies, and Source Matter Experts Within the Institution, With Other Institutions, and With the Business Community
- B. Cooperation and Collaboration with Private Industry



V. Administrative Efficiency

- A. Percentage of Administrative Costs to Academic Costs
- B. Use of Best Management Practices
- C. Elimination of Unjustified Duplication of and Waste In Administrative and Academic Programs
- D. Amount of General Overhead Costs

VI. Entrance Requirements

- A. SAT and ACT Scores of Student Body
- B. High School Class Standing, Grade Point Averages and Activities of the Student Body
- C. Post-Secondary Non-Academic Achievements of Student Body
- D. Priority on Enrolling In-State Residents

VII. Graduates' Achievements

- A. Graduation Rate
- B. Employment Rate for Graduates
- C. Employer Feedback on Graduates Who were Employed or Not Employed
- D. Scores on ...Professional Examinations
- E. Number of Graduates Who Continued Their Education
- F. Credit Hours Earned of Graduates

VIII. User-Friendliness of Institution

- A. Transferability of Credits to and from the Institution
- B. Continuing Education Programs for Graduates and Others
- C. Accessibility to the Institution of All Citizens of the State

IX. Research Funding

- A. Financial Support of Reform in Teacher Education
- B. Amount of Public and Private Sector Grants

LEGISLATION & PHASE-IN PERIOD

FY 1995-96



FY 1996-97



FY 1997-98

Passage of Act 359 Highlights -

- Performance Funding Mandated effective July 1996
- 37 Indicators across 9 Critical Success Factors
- All Funding to be Based on Performance
- Three Year Phase-In Provided
- Guaranteed Base During Phase-In

CHE Develops Implementation Plan by December 1996. First Year that funding is based on indicators.

Performance Year 1

System Development:
Measures for Indicators Defined
Scoring System Developed
Allocation Methodology Determined
Funding Model Revised

Assessment
14 indicators scored
Revision of some measures

Allocation of Funds
Phase-in Period, Protected Base
\$4.5 million awarded based on
performance for FY 1997-98

Performance Year 2

22 Indicators Assessed

Allocation of Funds
Phase-in Period,
Protected Base

\$270 million
allocated based on
performance for
FY 1998-99

Continued review and
revision to some
measures



ACTIVITY SINCE PHASE-IN

FY 1998-99



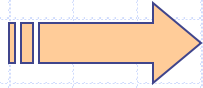
FY 1999-00

Performance Year 3

- ✓ All Indicators Assessed
- ✓ All General Operating Funding for FY 99-00 Based on Performance
- ✓ Major Revision of Scoring & Allocation Methodology Effective in Yr 3
- ✓ Revision of Indicators Effective for Yr 4
- ✓ Legislative *Ad Hoc* Committee to Review CHE's Implementation of Act 359
- ✓ FIPSE Grant Awarded for Study of Performance Funding Impact

Performance Year 4

- ✓ All Indicators Assessed
- ✓ All General Operating Funding for FY 00-01 based on Performance
- ✓ Validation Study of Funding Model Begins
- ✓ Peer Institutions Identified
- ✓ Peer-Based Standards established for Yr 5 to replace Institutional Benchmarking of Years 1-4. Factor recognizing improvement added to rating scale for Yr 5
- ✓ Revision to Selected Measures
- ✓ *Ad Hoc* Committee Begins Review
- ✓ FIPSE Study on Impact Begins



FY 2000-01



Performance Year 5

- ✓ **All Indicators Assessed**
- ✓ **All General Operating Funding for FY 01-02 Based on Performance**
- ✓ **Peer-based Standards Set in Yr 4 Used to Assess Performance**
- ✓ **Revision to Method Used to Determine Allocation Based on Performance**
- ✓ **Consolidation of Indicators Studied as Requested by the Business Advisory Council**
- ✓ **Regulations for reduction, expansion, consolidation, or closure of an institution enacted**
- ✓ **LAC Audit Begun with Report Released June 2001**
- ✓ **FIPSE Study Continues**

Performance Year 6

✓ Institutions Rated on a Reduced Set of "Scored" Indicators. Other "Non-Scored" Indicators identified for Continued Monitoring by CHE.

"Scored" Indicators - 13 or 14 identified indicators (listed in a slide to follow) for deriving overall performance score. Selected for each critical success factor from among the 37 as those most representative of institutional and sector missions.

"Non-Scored" Indicators - 8 of the original 37 that address performance areas not covered by the selected scored indicators. Monitored on a rotating 3-year schedule beginning 2004.

✓ Yr 6 Ratings Used to Determine FY03 Allocation: 1 Institution scored "Substantially Exceeds," 14 "Exceeds," and 18 "Achieves."

✓ FIPSE Study Continued - Major Activity included a successful National Conference in Hilton Head, SC held February 7-9, 2002.

✓ Formation of "Committee to Advise Performance Funding & Assessment" (CAPA) – An advisory group to CHE's Planning and Assessment Committee made up of institutional representatives.



Performance Year 7

FY 2002-03

- ✓ **Yr 7 Ratings (impacting FY04 Allocation) approved June 5, 2003 Using the Reduced Set of Indicators As Implemented in Yr 6.**
- ✓ **“Committee to Advise Performance Funding & Assessment” (CAPA) – to begin work with a review issues for select performance indicators and institutional effectiveness data reporting requirements. First meeting of the Committee on June 14, 2002.**
- ✓ **Development of transition plan for USC Beaufort from a two-year branch of USC to a four-year branch under the performance system. CHE approved a change in mission for USC Beaufort on June 6, 2002.**
- ✓ **Review of Current Standards for Assessing Performance on Indicators with Recommendations in Spring 2003.**
- ✓ **FIPSE Study to Concluded. Work on “new” FIPSE study of accountability including issues related to cost containment, student achievement and public trust in higher education. SC lead of 5 states participating.**

Performance Year 8

FY 2003-04

- ✓ **There were no significant changes to the system or measures.**
- ✓ **Standards for all indicators were reviewed and the levels not changed.**
- ✓ **The function of Performance Funding was moved to the Finance, Facilities, & MIS division**

Performance Year 9

FY 2004-05

- ✓ **There were no significant changes to the system or measures.**
- ✓ **Foundations for the Future, a study of higher education in South Carolina was completed in 2003. The Commission is working in coordination with institutions in considering the findings of the report and reviewing the accountability model in light of the findings.**

Performance Year 10

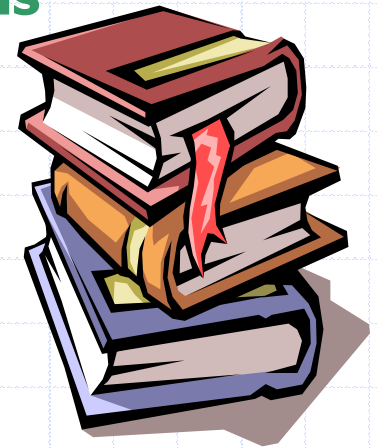
FY 2005-06

- ✓ **Work continues with CHE and institutions to consider a revised accountability plan for higher education in SC that will address statewide goals.**
- ✓ **As work continues and for this year only, the CHE adopted a recommendation to use the ratings as adopted June 2, 2005, for the allocation of 2006-07 state funds. A copy of the recommendation and supporting explanation is accessible on the CHE's website (www.che.sc.gov) by selecting Commission Meetings and Materials and then accessing the June 2, 2005, materials from the links provided.**
- ✓ **Work on the FIPSE study addressing accountability issues related to cost containment, student achievement and public trust in higher education continues. SC is lead state of 5 participating states. A conference is scheduled for September. Additional details are available on CHE's homepage (www.che.sc.gov)**

POSITIVE IMPACTS OF PERFORMANCE FUNDING

Performance Indicators Have Directly Encouraged:

- ✓ Faculty with better credentials
- ✓ More research activity
- ✓ Greater support for teacher training
- ✓ Better review of faculty performance including post-tenure review
- ✓ Higher entrance standards at 4-year institutions
- ✓ Clearer mission focus
- ✓ Strengthened academic programs
- ✓ Higher graduation rates
- ✓ Greater ease in transferring from 2- to 4-yr institutions



Positive Changes Evident To Date:



- ✓ **Higher SAT scores of entering students**
- ✓ **Increased percentage of nationally accredited programs**
- ✓ **All public teacher education programs NCATE accredited**
- ✓ **Decreased credit hours to graduation**
- ✓ **Increased minority enrollment at many institutions**
- ✓ **Increased externally funded research at research institutions**
- ✓ **Increased financial support for teacher education reform**
- ✓ **Lower administrative to academic costs ratio**
- ✓ **Per student overhead costs increasing at a slower rate than inflation**
- ✓ **Impact of performance considered in institutional planning**
- ✓ **Implementation of faculty post-tenure performance review**
- ✓ **Increased collaborative programs among institutions**



The Performance Measurement System

- System Generally
- Allocation Process

Details, Details, Details . . .

1. Setting of standards and identification of any measure revisions for Current Year

(work conducted for Yr 9 Fall 2004 through July 2005 with any outstanding issues resolved early Fall 2005)

2. Performance Data Collection
(Oct. 2004 – Mar 2005)

Timeframes assessed varies by indicator – For most academic indicators, Fall 2004 data, while for most fiscal indicators, FY 04.

During this time, P&A & CHE will also consider revisions & standards for next year (for YR 9)

3. RATINGS:
CHE Staff Sends Preliminary Ratings to Institutions for Review
(April 1, 2005)

4. Institutions Review & Submit Appeals as desired (appeals due Apr 15, 2005)

5. Staff Develop Recommendations for Finance Comm. from prelim. ratings & appeals
(distributed to 1 wk prior to Committee meeting)

6. P&A Committee Considers Ratings
(May 2005)

7. F&F Committee sends ratings recommendations to full Commission for approval. FY 05-06 Funding allocated based on ratings.
(considered on June 3, 2005)

8. If applicable, CHE approves PIF for FY 2005-06
(September 2005)

Annual Performance Cycle

Green font indicates timeframes for FY 2004-05 to impact FY 2005-06

(A similar scheduled has been followed for the past several years)

PERFORMANCE FUNDING MAJOR COMPONENTS

1. DETERMINATION OF NEED

Identifies the total amount of money the institution should receive (Mission Resource Requirement)

2. PERFORMANCE RATING

Determined based on measures and standards approved by the Commission. The institution with the higher overall score receives a proportionally greater share of its Mission Resource Requirement as applied to the new year's allocation.



Determining an Institution's Performance & Allocation

Step 1: Assigning the Indicator Score

Institutional performance on each measure for applicable indicators is compared to approved standards.

A score of 1, 2, or 3 is assigned to each measure for indicators depending on the institution's level of actual performance in comparison to approved standards. An additional 0.5 may be earned on select indicators based on improvement.

**3-point system
in effect since
Year 3.**

**Improvement
Factor added in
Year 5.**

- **1** "Does Not Achieve Standard" indicating fell below targeted performance level or in non-compliance
- **2** "Achieves Standard" indicating within acceptable range of targeted level
- **3** "Exceeds Standard" indicating exceeded targeted level
- **+0.5 "With Improvement"** indicating improvement expectations over past performance were met or exceeded as defined on select indicators. Institutions scoring 1 or 2 are eligible.



NOTES ON STANDARDS . . .

New System of Standards Effective in Year 5, 2000-01

Standards for indicators identified - replacing annual process of institutional benchmarking.

Best available data used – National, Regional or State

Consistent across institutions within sectors with a few exceptions (e.g., Research Sector Standards and Standards for individualized indicator 1D/E)

Comparable data for identified peer institutions considered where possible

Improvement component added for select indicators to recognize individual institutional progress over time.

Standards to remain in effect for 3 years

Principles for Standards

- ✓ High Expectations
- ✓ Consistency Across Years
- ✓ Consistency Across Institutions
- ✓ Reference to Best Available Data
- ✓ Incentive for Individual Improvement
- ✓ Recognize Maximum Performance Levels
- ✓ Simplicity and Clarity

NOTES ON APPLICABLE “SCORED” INDICATORS (EFFECTIVE AS OF 2001-02)

I. Mission Focus

APPLICABILITY

- | | |
|--|--|
| B. Curricula Offered to Achieve Mission | - All Sectors |
| C. Approval of a Mission Statement | - All Sectors |
| D/E. Adoption of a Strategic Plan to Support the Mission Statement and Attainment of Goals of the Strategic Plan | - All Sectors (<i>Measure Individualized by Institution</i>) |

II. Quality of Faculty

- | | |
|---|---|
| A. Academic and Other Credentials of Professors and Instructors | - All Sectors (<i>Measure varies depending on Sector</i>) |
| D. Compensation of Faculty | - All Sectors (<i>Measure varies depending on Sector</i>) |

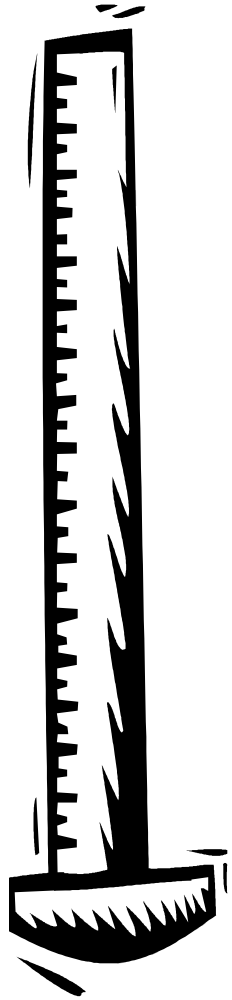
III. Classroom Quality

- | | |
|---|---|
| D. Accreditation of Degree-Granting Programs | - All Sectors |
| E. Institutional Emphasis on Quality Teacher Education and Reform | - 4-yr Colleges and Universities Sector |

IV. Institutional Cooperation & Collaboration

- | | |
|--|--|
| A/B. Sharing and Use of Technology, Programs Equipment, Supplies, and Source Matter Experts Within the Institution, With Other Institutions, and With the Business Community AND Cooperation and Collaboration with Private Industry | - All Sectors (<i>Measure Developed for each Sector</i>) |
|--|--|





V. Administrative Efficiency

- A. Percentage of Administrative Costs to Academic Costs

- All Sectors

VI. Entrance Requirements

- A/B. SAT and ACT Scores of Student Body AND High School Class Standing, Grade Point Averages and Activities of the Student Body

- Research (*with comparable for MUSC*),
4-yr Colleges & Univ., and
Regional Campus Sectors

VII. Graduates' Achievements

- A. Graduation Rate
- B. Employment Rate for Graduates
- C. Employer Feedback on Graduates Who were Employed or Not Employed
- D. Scores on ...Professional Examinations
- E. Number of Graduates Who Continued Their Education

- All Sectors (*Varies by sector. Comparable for MUSC*)

- Technical Colleges Sector

- Technical Colleges Sector

- All Sectors

- Regional Campuses Sector

VIII. User-Friendliness of Institution

- C. Accessibility to the Institution of All Citizens of the State

- All Sectors

IX. Research Funding

- A. Financial Support of Reform in Teacher Education
- B. Amount of Public and Private Sector Grants

- Research (*with comparable for MUSC*)
and 4-yr Colleges & Univ. Sectors

- Research Sector



APPLICABILITY

Step 2: Determining the Overall Performance Category

Single indicator scores are derived: Subpart scores averaged producing a single indicator score.

For each institution, single indicator scores are then averaged together.

Resulting in a single overall performance score expressed numerically (e.g., 2.50) and also as a percentage of the maximum possible score (e.g., $2.50/3 = 83\%$).

*For Example,
Teaching Sector
Institution*

1B = 2
1C = complies
1D/E = 2
2A = 1
2D1 = 2
2D2 = 3
2D3 = 2
3D = 3

2.33

3E1 = complies
3E2a = 2
3E2b = 3
3E3a = 1
3E3b = 2
4A/B = complies*
5A = 2
6A/B = 3
7A = 1

2.5

1.5

2

7D = 2
8C1 = 2
8C2 = 2
8C3 = 3
8C4 = 1
9A = 2

2

OVERALL SCORE
(Average of Scores in
Black Font at Left)

$24.33/12 = 2.03$

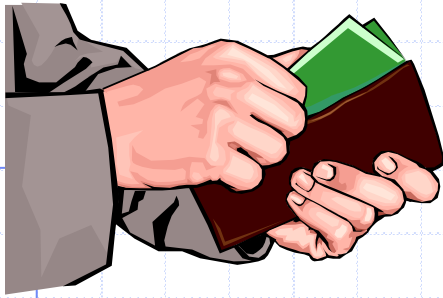
* Compliance in Yr 6
only as baseline data
are collected.

OVERALL INSTITUTIONAL SCORE
places an institution in one of five
levels of performance reflecting the
degree of achievement of standards.

**FUNDING for the
institution is based
on category of
overall performance.**

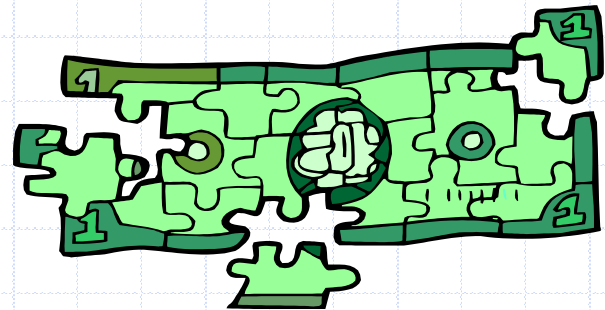
| <u>If Score is:</u> | <u>Assigned Category is:</u> |
|-------------------------------------|---|
| 2.85 - 3.00 (95% - 100%) | → Substantially Exceeds |
| 2.60 - 2.84 (87% - 94%) | → Exceeds |
| 2.00 - 2.59 (67% - 86%) | → Achieves |
| 1.45 - 1.99 (48% - 66%) | → Does Not Achieve |
| 1.00 - 1.44 (33% - 47%) | → Substantially Does Not Achieve |

Institutions within the same
performance category are
considered to be performing
similarly given current precision
of measurement.



ALLOCATING THE DOLLARS

Step 3: Determining the Allocation Based on Performance



S.C. C.H.E. Guiding Principles for a Performance-Based Funding Model

Characteristic

Summary Description of Principles

A. Goal-Based

The funding model should incorporate and reinforce the broad goals of Act 359 and the Commission on Higher Education for the state's system of colleges and universities as expressed through approved missions, quality expectations and performance standards.

B. Mission-Sensitive

The funding model should be based on the recognition that different institutional missions (including differences in degree levels, program offerings, student readiness for college success and geographic location) require different rates of funding.

C. Adequacy-Driven

The funding model should determine the funding level needed by each institution to fulfill its approved mission.

D. Size-Sensitive

The funding model should reflect the impact that relative levels of student enrollment have on funding requirements.

E. Responsive

The funding model should reflect changes in institutional workloads and missions as well as changing external conditions in measuring the need for resources.

F. Adaptable to Economic Conditions

The funding model should have the capacity to apply under a variety of economic situations, such as when the state appropriations for higher education are increasing, stable or decreasing.

G. Concerned with Stability

The funding model should not permit shifts in funding levels to occur more quickly than institutional managers can reasonably be expected to respond.

H. Simple to Understand

The funding model should effectively communicate to key participants in the state budget process how changes in institutional characteristics and performance and modifications in budget policies will affect funding levels.

S.C. C.H.E. Guiding Principles for a Performance-Based Funding Model

Characteristic

Summary Description of Principles

I. Equitable

The funding model should provide both horizontal equity (equal treatment of equals) and vertical equity (unequal treatment of un-equals) based on size, mission and growth characteristics of the institutions.

J. Adaptable to Special Situations

The funding model should include provisions for supplemental state funding for unique activities that represent significant financial commitments and that are not common across the institutions.

K. Reliant on Valid & Reliable Data

The funding model should rely on data that are appropriate for measuring differences in funding requirements and that can be verified by third parties when necessary.

L. Flexible

The funding model should be used to estimate funding requirements in broad categories; it is not intended for use in creating budget control categories.

M. Incentive-Based

The funding model should provide incentives for institutional effectiveness and efficiency and should not provide any inappropriate incentives for institutional behavior.

N. Balanced

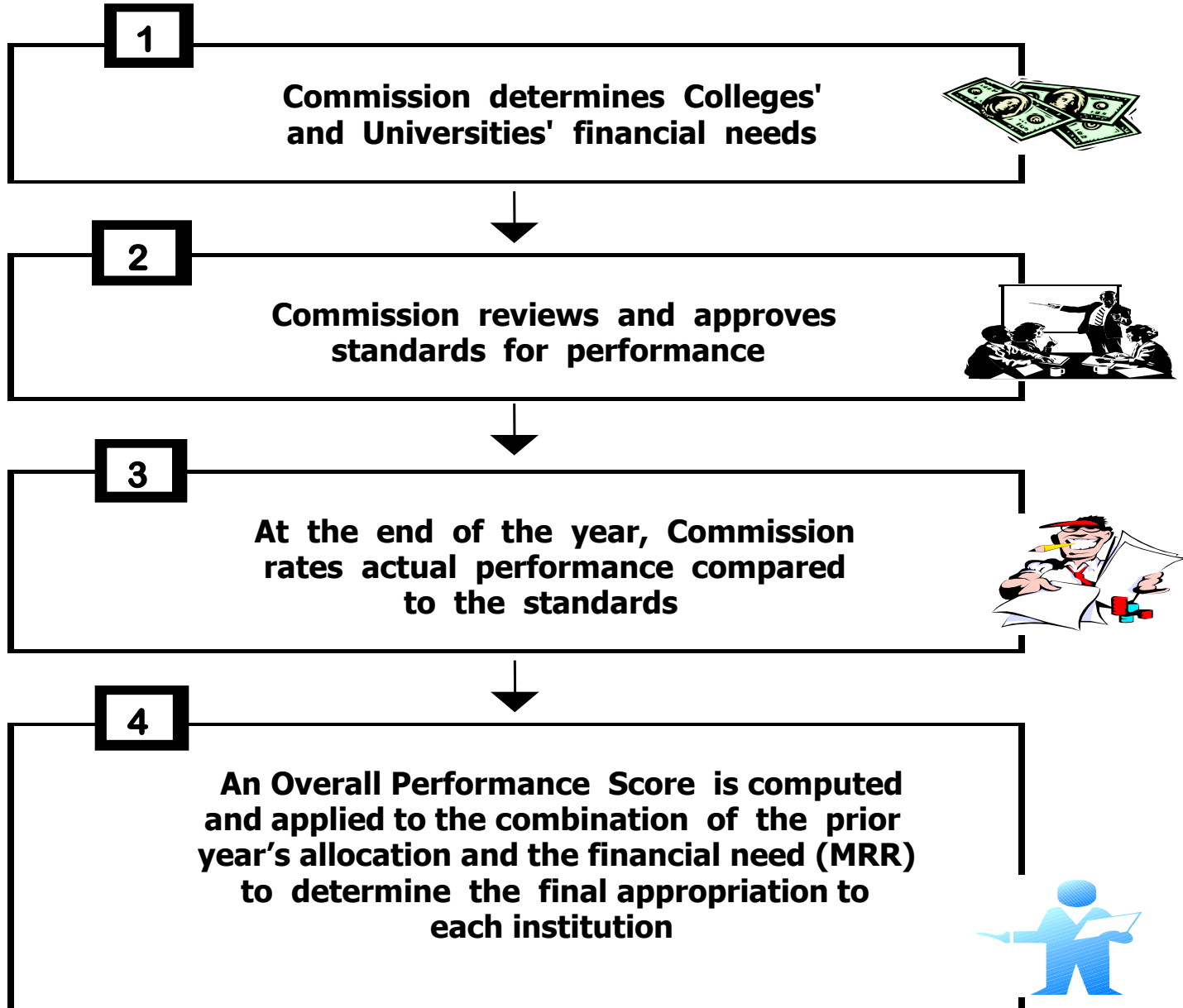
The funding model should achieve a reasonable balance among the sometimes competing requirements of each of the criteria listed above.



MRR Numeric Summary, by Step

| | |
|----------------------|-----------------|
| 1. Instruction | \$ 836,214,913 |
| 2. Research | 64,563,258 |
| 3. Public Service | 21,571,259 |
| 4. Libraries | 69,894,416 |
| 5. Student Services | 122,185,111 |
| 6. Physical Plant | 136,764,222 |
| 7. Administration | 326,765,958 |
| <hr/> | |
| 8. Subtotal (E & G) | 1,577,959,137 |
| <hr/> | |
| 9. Revenue Deduction | (314,423,685) |
| <hr/> | |
| 10. TOTAL E & G | \$1,263,535,452 |

Overview of Performance Funding Process



Allocation plan as described here applies to FY 2005-06 allocations. A plan for 2006-07 will be approved during Fall 2005 for FY 2006-07 allocations.

Summary of Allocation Methodology as adopted November 2004

In November 2004, CHE adopted a revised allocation methodology in order to begin addressing the "parity issue" (i.e., disparity in funding levels that has pre-dated the implementation of performance funding).

In order for any institution to participate in the parity allocation methodology, the institution must obtain a score of at least "Achieves" under the Performance Funding System.

Under the adopted plan, the first \$18 million of increases in appropriations to higher education institutions for operating funds will be allocated in a manner to aggressively address the current disparity in funding levels. Specifically, the funds will be allocated on a disproportionate basis so that all institutions will be moved toward a percentage funding level of the next highest percentage above the highest funded institution with those institutions currently receiving the lowest levels of funding receiving a disproportionately larger share than those institutions funded at higher levels. All funds above \$18 million will be allocated using the same methodology. However, the targeted funding to be achieved will be changed to 90% rather than the next highest percentage above the highest funded institution.

For additional explanation and details, see Agenda Item 3 of the November 4, 2004, Commission Meeting.

INSTITUTIONAL "REPORT CARDS"

- Detailed performance report released annually following approval of institutional performance ratings
- Ratings Displayed Impact Upcoming FY Allocation
- Available on-line www.che.sc.gov

Reports Include:

1 Page Performance Summary and
Descriptive Institutional Information

Pages Detailing Indicator by
Indicator Performance



SAMPLE REPORT



2001-02 Performance Year Ratings impacting Fiscal Year 2002-03. FINAL, Approved June 6, 2002

Report prepared by the Commission's Division of Planning, Assessment and Performance Funding
1333 Main Street, Suite 200, Columbia, SC 29201, (803) 737-2260, www.che400.state.sc.us

Institution X

Sector: Sector X

President's Name

Institution's Street Address

Institution's City, State, Zip

Institution's Phone Number

Institution's Home Page Address



Founding Date

2001-02 Performance Year Score
"Exceeds" Standards

90%
2.70 of 3.00 Maximum

See "Interpreting Overall Score" at bottom of page

At-A-Glance (Fall 2001 data unless noted otherwise)

For links to mission and webpage,
see www.che400.state.sc.us and
select "Performance Funding"

Degrees Awarded
FY 2000-01

- Associates 2,500
- Bachelor's 940
- Post Bachelor's Cert. 100
- Master's 20
- Post Master's Cert. 100
- First Professional
- Specialist
- Doctoral

Enrollment Headcount
includes full & part-time students

15,000
80% of headcount Undergraduate
65% of headcount from SC at entry
10% of headcount Minority

Full-Time
12,000 (87% of headcount)

SAT Average
1100 (1st-time entering freshmen. Includes converted ACT scores.)

Full-Time Faculty (*)
1,005 includes, as of Nov. 1, those with academic rank & specific assignment of instruction, research, public service, or librarian. See note below. (IPEDS Fall Staff Survey)

Tuition
Academic Year 2001-02

\$4,000 In-State, Full-Time Student
\$10,000 Out-of-State, Full-Time Student (Includes UG required tuition and fees, IPEDS Inst. Characteristics Survey; FT in-state rebated \$600 fall term)

Financial
Dollars In Millions
FY 2000-01

\$250.5 Total Revenue, excluding auxiliary
\$250.5 Total Educ & General Expenditures and Transfers, excluding auxiliary (IPEDS Finance Survey)

Performance Score Summary

Each indicator or indicator subpart is scored using a 3-point scale. In some cases, institutions may qualify for an additional 0.5 for achieving a certain level of improvement over past performance. In 2002, systemic scoring procedure revisions led to fewer indicators contributing to the overall score. Of the 37 indicators used in past years, all are still measured - some assured through institutional policy, some measured through existing scored indicators, and some monitored but not scored. For more detailed explanation of these changes consult Performance Funding Workbook, September 2000, Year 5 and its supplement, September 2001, Year 6 at www.che400.state.sc.us select Performance Funding, then Performance Funding Workbook.

Total Scored Indicators (See the following pages for details by indicator)

- Exceeded Standards (or received scores of 3) on
- Achieved Standards (or received scores of 2.00-2.99) on
- Did Not Achieve Standards (or received scores of 1.00-1.99) on
- Achieved Compliance (or received scores of "Complied") on

14 Indicators

- 9 Indicators
- 3 Indicators
- 1 Indicators
- 1 Indicators

Interpreting Overall Score

Comparing the average score on applicable indicators to the maximum 3.00 possible produces the percentage score shown in the upper right hand corner. Institutions within the same sector whose percentage is in the same range as shown below are considered to be performing at similar levels.

Scale for Overall Scoring Category

| | |
|--------------------------------|-----------------------------|
| Substantially Exceeds | 95% to 100% or 2.85 to 3.00 |
| Exceeds | 87% to 94% or 2.60 to 2.84 |
| Achieves | 67% to 86% or 2.00 to 2.59 |
| Does Not Achieve | 48% to 66% or 1.45 to 1.99 |
| Substantially Does Not Achieve | 33% to 47% or 1.00 to 1.44 |

* Faculty number is comparable to that reported on p. 1 of last year's reports

DATA and SCORING KEY: Below are details for each indicator measured in Performance Year 2001-02, including: the measurement timeframe for this year's performance, historical data, current year's data, the standard used in judging performance, indicator subpart scores, and the single indicator score. Since July 2000, CHE has set standards for similar institutions based on national, regional or state data; data from peer institutions or past institutional performance. For most indicators, performance is judged using a 3-point scale and comparing it to a standard that is expressed as a range. A score of "2" is awarded if an institution is at or within the range. Performance outside the range in the desired direction merits a "3" or *Exceeds*, while performance outside the range in the undesired direction receives a "1." Additionally, 0.5 points are awarded to scores of 1 or 2 for some indicators if an identified level of improvement over past performance. Performance on other indicators is judged by determining institutional compliance with policies or practices. Compliance is expected, and a score of 1 indicates non-compliance. In limited cases, CHE may award scores based on analysis of an institutional appeal requesting special consideration. To determine overall performance as summarized on page 1 and at the end of this report: scores displayed for each indicator in the far right or last column are averaged; the average places the institution in 1 of 5 performance categories; and funding is allocated based on the category, not the individual score or average.

X Sector of Institutions

| | | | | | | | | | |
|---------|-----------|---------|--|-----------|---------|---------|---------|---------|---------|
| Overall | Overall | Overall | | | Overall | Overall | Overall | Overall | Overall |
| | This Year | | | This Year | | | | | |

| | | | | | | | | | | |
|-------------|--|-----------------------|---|-----|-----|------------|--------------------------------|-----|--|-------------|
| 1B | Curricula Offered to Achieve Mission | as of Apr 2002 | | 88% | 93% | 97% | 95% - 99% or if <95% all but 1 | N/A | | 2.00 |
| 1D/E | Adoption of a Strategic Plan to Support the Mission Statement and Attainment of Goals of the Strategic Plan (revised indicator combining 1D & 1E as of current year) | FY 2000-01 | See performance score at right. Measure and goals vary by Institution. Contact CHE for details. | | | | | | | 3.00 |

Status of other indicators: Indicator 1A, *Expenditure of Funds to Achieve Institutional Mission*, is measured through Indicator 5A, *Ratio of Administrative Costs to Academic Costs*.

[... continued for each critical success factor & indicator]

| | | | | | | | | | | | | |
|-----------|---|-------------------------------------|--------|--------|--------|---------------|--------|----|--------|-----|--|-------------|
| 9A | Financial Support for Reform in Teacher Education | FY 01 / FYs 98,99,00 Avg | 151.3% | 101.3% | 145.6% | 132.5% | 80.0% | to | 119.0% | N/A | | 3.00 |
| 9B | Amount of Public and Private Sector Grants | FY 01 / FYs 98,99,00 Avg | 108.2% | 108.6% | 113.3% | 123.3% | 104.0% | to | 110.0% | N/A | | 3.00 |

PERFORMANCE YEAR 2001-02 SCORING SUMMARY (OVERALL SCORE TO IMPACT FY 2002-03 ALLOCATION)

| | | |
|--|--------------------------|-----------|
| | Subtotal : | 32.40 |
| | # of indicators averaged | 12 |
| | Average: | 2.70 |
| | Average / 3.00 Max: | 90% |
| | Category is: | "Exceeds" |

SAMPLE REPORT

Performance Funding Workbook

A Guide to South Carolina's Performance Funding System For Public Higher Education

Process information

- ✓ History and Background
- ✓ Outline of current system used
- ✓ Calendar
- ✓ Data Collection and Verification
- ✓ Performance Improvement Funding

A Guide to Measurement

- ✓ General Information (e.g., definitions of common terms used)
- ✓ Guide to format of indicator by indicator display
- ✓ Definitions and measurement information for all indicators by critical success factor

AVAILABLE ON-LINE : <http://www.che.sc.gov>

Select "Performance Funding" under Finance

C. MEASUREMENT DETAILS: PERFORMANCE INDICATORS BY CRITICAL SUCCESS FACTOR

Indicators and measurement details are presented in the following section. For indicators for which performance results are reported directly to the Planning, Assessment and Performance Funding Division report forms are found following the indicator description. **Information reported on each indicator follows the general format shown here:**

*Excerpt from PF
Workbook, 2002-03,
page II.15*

| | |
|--------------------------|---|
| Critical Success Factor: | CRITICAL SUCCESS FACTOR # AND TITLE |
| Indicator: | (INDICATOR # AND TITLE) |
| Date Created: | <i>(Will be Publication date of Year 7 Workbook for all Indicators)</i> |
| Date Last Revised: | <i>(Date pages revised)</i> |

| Details Regarding the Indicator Measure as Defined. Information below under the Sector's Heading applies to that Sector. Information that is shown crossing sector headings applies to those sectors. | | | | |
|---|--|----------|----------------------|---|
| As applied to: | RESEARCH | TEACHING | REGIONAL CAMPUSES | TECHNICAL COLLEGES |
| Measure: | <i>Measurement definition –Note that information crossing more than one sector applies to those sectors. For example, as shown here, information to the left of the line applies to research, teaching, and regional campuses and information to the left to Technical Colleges. This format style applies to all information in the “Details Regarding the Indicator Measure as Defined” section.</i> | | | <i>(Information at left applies. See left for applicable explanation)</i> |
| Timeframe: | <i>General description of measurement timeframe</i> | | | |
| Current Year Reporting: | <i>Data timeframe and reporting required for current year assessment</i> | | | |
| General Data Source : | <i>General description of source of data used in calculating performance</i> | | | |
| Type data and Rounding: | <i>Description of type data used (e.g., numeric, text. . .) and rounding used in final performance data.</i> | | | |
| Standard for score of “Achieves” : | <i>Display of range for a score of 2</i> | | | |
| Expected Trend and Determining Score: | <i>Description of trend and scoring for the levels of 1 and 3 based on the range for the standard for “achieves</i> | | | |
| Improvement Factor: | <i>Level required and a description of the calculation used to determine whether an additional 0.5 points is added to scores of 1 or 2 for improvement</i> | | | |
| Note on Origin of Current Standard: | <i>Description of source data used to develop the standard</i> | | | |

**WORKBOOK INDICATOR
DISPLAY**

(changed to this format in FY03)

| Information For Determining Performance Including: an explanation of the measurement calculation, a listing of applicable definitions, and a listing of notes providing a general history of changes to the indicator. | |
|--|---|
| Determining Performance for: | <i>Description of calculation used to determine the performance and other related measurement information</i> |
| Definitions & Other Qualifications: | <i>Definitions used as related to the indicator measure</i> |
| (Definitions at right apply to the measure generally and are applicable to all sectors.) | |
| Historical Notes (by performance year in order of most recent back to earliest): | <i>Notes, in order of most recent year to the earliest year of the indicator that provide a general description of the measure and any changes effective in the year of measurement described</i> |

A few other items to note . . .



CHE Data Publications *(check our website for other reports)*

Workbook for Performance Funding

Annual guide to SC's performance funding system including all details regarding measurement of performance indicators.

"A Closer Look at Public Higher Education in South Carolina"

Published each year and available on the web. This publication is required by the General Assembly each January and contains comparative performance data of public institutions and information on institutional effectiveness and assessment

"Higher Education Statistical Abstract"

Published each year by Finance & Facilities Division & available on the web. The "Abstract" contains institutional, student, faculty and finance data.

CHE Website

<http://www.che.sc.gov>

Select "Performance Funding" under "Finance" heading for current and historical information on performance funding in South Carolina



**1333 Main Street, Suite 200
Columbia, South Carolina 29201
www.che.sc.gov
(803) 737-2260**

Conrad Festa, Executive Director

**Gail Morrison, PhD, Deputy Director &
Director of Academic Affairs & Licensing
g Morrison@che.sc.gov
(803) 737-2243**

**Lynn Metcalf, Interim Director
Finance, Facilities, &
Management Information Systems
lmetcalf@che.sc.gov
(803) 737-2265**

**Karen Woodfaulk, PhD,
Director, Student Services
kwoodfaulk@che.sc.gov
(803) 737-2244**

**Michael Brown, Director
Access & Equity
mbrown@che.sc.gov
(803) 737-2144**

For Additional Information on Performance Funding in SC Contact

**Julie Carullo
jcarullo@che.sc.gov
(803) 737-2292**

